

# Human Resource Management in China

## From the Aspect of Graduate Employment

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### Abstract

The thoughts of people-oriented are the characteristics of Chinese traditional human management, which have been influencing human management in China deeply for a long time. After the foundation of the People's Republic of China (1949), personnel department undertook the people management. The enterprise recruitment took the measures of job placement, which took things as the focus and asked people to prepare themselves for things. With China's reform and opening-up in the 1980s, the concept of "Human resources" was first brought in by foreign enterprises. As a management skill that gets access to China less than 30 years and faces with the cultural conflict, HRM in China still stays in the exploring stage. Now there exist over-supply and structural shortage existing simultaneously, relationship-orientation and market allocation existing simultaneously, highlighting short-term motivation, neglecting long-term motivation, etc. The development trend of Chinese human resources management is changing from experience administration to scientific administration, from the rule of men to the rule of law, from the centre of material to the centre of man, etc. To improve human resources management, Labor Contract Law, The Settlement of Labor Disputes Law, The Promotion of Employment Law and Social Insurance Law were enacted. Because of the lack of human resource management system building and foundational work, in practice, there is a long way to go for implementing the regulations by the influence of Chinese traditional culture and planned economy.

### Keywords

*Chinese Traditional Human Management; Human Resources Management; Development*

### Introduction

China has 5,000 years of civilization, and is known as the tradition of civilian rule, thus accumulates rich human management thoughts which contained in the ancient literature. Such as *Book of History*, *Zuo Zhuan* in Zhou Dynasty(770BC-221BC); *Records of Historian*, *Shuoyan*, *Xinlun*, *Hanshu* in Han dynasty(206BC- 220 AD); *Renwu Zhi* in Three Kingdoms (220-280); *The political program in Zhenguan times* in Tang Dynasty(618-907) ; *History as a mirror* in Song Dynasty(960-1279) etc.

The main thoughts of human management in the ancient literature are:

- the first important art of administration is respecting people
- the demands and desires of material of people have mutual influence and restriction
- the morale of people is the key factor to win the competition
- rewards and punishment should be strict
- select and appoint the person having both ability and political integrity
- judge a person's quality and appoint him properly after assessment
- leaders must make examples in behavior and strength self-cultivation
- educate people for long-term

The thoughts of "people-oriented" are the characteristics of Chinese traditional human management, which emphasize the group benefits, the organizational harmony, and which pay attention to education, sense of mission, morality, personal example, doing benevolence etc, and all these thoughts have been influencing human management in China deeply for a long time.

After the foundation of the People's Republic of China (1949), "personnel department" has undertaken the people management. Controlled by the planned economy system, the personnel plan was made by the government, the enterprise recruitment took measure of job placement, which took things as the focus and asked people to prepare themselves for things. Once a person works at an enterprise, that means he is offered employment for life, and the enterprise will provide him pension and medical care. The level of payment is decided by the working years. The training method is adopted by apprentice learning from master worker. The way of motivation methods is mainly adopted moral encouragement. The performance assessment depends on the leader's and colleagues' subjective impression. The construction of the enterprise culture emphasized the spirit of devotion, fraternal friendship <sup>[1]</sup>.

With China's reform and opening-up in the 1980s, the concept of human resources was first brought in by foreign enterprises. Management concept has been gradually accepted by Chinese enterprises, and human resources management has been developed and promoted in the majority of enterprises. Nowadays, many enterprises have changed personnel department into human resources department. However, as a management skill that gets access to China less than 30 years and faces with the cultural conflict, HRM in China still stays in the exploring stage. In the aspect of system building, human resources management system in China needs to be perfect <sup>[2]</sup>.

### **Current Situation of Human Resource Management in China**

Human resources management and development is based on the market-orientation. Because of the influence of ancient culture and planned economy, now there are some issues about Chinese human resource management.

#### ***Over-Supply and Structural Shortage Existing Simultaneously***

In recent years, on one hand, many people find it is difficult to get a job; on the other hand, many enterprises complain of the difficulty of recruitment. We think, the situation relates to enterprise management system. Human resources strategy is the significant part of enterprises strategies, which to some extent directly determines the organization strategy's success or failure. Though 40% of the enterprises have established the business development strategy combining with human resources management system, only 12.9% of them can really implement this strategy. Some enterprises didn't pay great attention to it, and didn't develop and train the core management, technical and skilled personnel that they needed. When enterprises developed rapidly, the human resources would be in short supply. So they turned to search talents from the competitors, which resulted in the disorderly competition in the market of human resource management

#### ***Relationship-Oriented and Market Allocation Existing Simultaneously***

The market allocation human resource requires enterprises providing the justice and equity of opportunity to every job seeker. More and more enterprises recruit through various channels such as networks, executive search firms, job fairs, campus recruitment, advertising media. However, influenced by the thoughts of ancient culture and the planned economy, many enterprises didn't make specific standard for finding suitable staff. If someone has good relationship with the enterprise, he will get a job easily. Lacking of job description and job analysis is a universal phenomenon in enterprises of China. When enterprises recruit employees, they select the staff according to the academic credential, specialty, registered resident, age, gender, outlook, height, family background, etc. There are some employment discriminations in recruitment, such as man preferable, registered resident in big city, higher academic credential, under age of 35, etc. Sometimes, the family background is an important factor in one's employment, which usually results in a waste of talent capital

#### ***Highlighting Short-Term Motivation, Neglecting Long-Term Motivation***

Most Chinese enterprises pay attention to motivation strategies. They hope the backbone staff to work for them for long-term by effective motivation. Quite a few enterprises prefer to choose paying as short-term and direct motivating strategies. They set different pay scales for different types of personnel. Payment is a common kind of economic motivation. Paying incentives for staff directly show in their steady growth of income -wages, which is very intuitive. However, with the raise of staff social status and overall ability, they need the feeling of self-satisfaction and self-esteem, material and money no longer have the same motivation effect. The long-term motivation, including material and no-material motivation, such as share options, ideal incentive, goal incentive, model incentive, training incentive, self-realization incentive and so on, hasn't been implemented in most Chinese

enterprises. According to research from China database, 18.9% of the enterprises use the form of giving share options as the long-term motivation, while 78.2% of them have not implemented the long-term motivation. According to the characteristic of Chinese tradition, lacking of long-term motivation means that the enterprises will lack cohesion and the personnel will lack a sense of belonging, which impacts on the staff's work enthusiasm and impedes the enterprises long-term development

### *The Instrumentalism Being Prevailing*

In 1980s, when the Chinese economy system was changing from planned-orientation to marked-orientation, the Taylor's scientific management was introduced into China. To enhance efficiency, a few enterprises adopted the "stick and carrot" management method, they put the economic benefits first, took the staff as the tool of making money. As market competition intensifies, some enterprises realize that the employee's career life design can attract, develop, and retain staff. But quite a few enterprises didn't pay attention to the employee's career development. According to the report on Chinese graduate employment in 2012, the employment satisfactory of graduates after graduating half a year was 47%; on average, the graduates worked for 2 bosses in 3 years. Now employees are more knowledgeable and informative, they hope the enterprises to provide a platform of developing ability and skill fully to realize their career dreams.

### *The System of Staff Flow Being Not Imperfect*

China's household registration system, or hukou, has long separated people into either rural or urban citizens, with those in the cities usually getting better services. The developed cities have strict hukou regulations. It is easy for a person flowing from a developed city to a developing area, in reverse, it is difficult. Hukou relates to children education, welfare, social insurance, for example: Farmer-turned workers' children have to extra-paid fee because of no hukou in cities, which becomes a big obstacle in all-pervading education program. There are a lot of career development opportunities in the developing areas with accelerated development, but, because of the hukou barrier, many people in developed area dare not go to the developing areas to exert their abilities, which restrict the development of enterprises in these areas

### *Enterprise Culture Lack of Spiritual Support*

Originated in planned economy system, the core of value system, which was plain living and hard struggle selfless devotion based on the sense of ownership, was missing. The new, effective value system, which suits the market economy, has not been established. The professional ethics, professionalism, and teamwork are declining. There are crises of belief in some enterprises. The staff are one of classes sharing the least economic benefits, and the laid off workers are the main undertakers of reform cost; with the implementation of the labor contract, the staff's social status was lowered, the sense of ownership disappeared, and many enterprises have not established scientific compensation and performance management system and fair competition mechanism to motivate the staff's enthusiasm [3-4].

## **Development Trend of Chinese Human Resources Management**

### *From Experience Administration to Scientific Administration*

Now quite a few Chinese enterprises, especially some medium-sized and small enterprises are in experience administration stage. To realize the scientific administration of human resources, these enterprises need to do well 4 foundational work:

- Downsize and optimize organization structure.
- Pay attention to job analysis and description
- Evaluate position correctly and establish the fair salary system
- Adopt scientific method to appraise performance

### *From the Rule of Men to the Rule of Law*

Now, the human resources management of Chinese enterprises has the rule of men character. It is urgent for them

to establish scientific system, such as fair salary system, performance appraisal system, employment system, employee training system, career life management system. In the meanwhile, the enterprises should guard the sanctity of the regulations, because many enterprises disregard the system when they manage people.

#### ***From Taking the Things as Focus to the Staff as Focus***

The staffs of enterprises are no longer the working machine or tool. The enterprises should respect the staff and increase the investment of human resources development, to promote the staff becoming excellent, and to motivate the staff the feeling of ownership.

#### ***From Transactional Department to Strategic Department***

The modern human resources strategy is an important part of enterprise development strategy, which not only provides the needed human resources for enterprises making decision, but also provides effective supporter of enterprises development. Now, many enterprises HRM still remains on the level of general affairs management. Their duties are to organize, coordinate, control and supervise the relationship with affairs, they lay more emphasis on using the personnel than training them. Thus, the Chinese enterprises should make the human resources department transit from the transactional department to strategic department.

#### ***Managerial Personnel from Office Clerk to Experts***

The managerial personnel of traditional personnel department have not professional knowledge, they cannot adapt themselves to the change quickly. The experts of professional human resources not only promote scientific human resources management, but also consult and service the internal staff, which is more important than the traditional managerial control.

#### ***From Close Management to Open Management***

More and more Chinese excellent enterprises do business across borders. Facing the culture shock, cultural integration, they lack experience. To enhance efficiency of human resources management, the model of HR outsourcing is showing its strong competitiveness and may become one of the main ways that HR management will adopt.

#### ***Motivation from Material Reward to Combination with Culture***

Now the knowledge staff is increasing, they pursue senses of belonging, identity, self-respect and accomplishment, and hope to realize self value. To boost performance of the staff, it is impossible to rely on the pay motivation only. The enterprises culture is becoming the key factor of motivation. The positive enterprise culture includes respect, appreciation, adequate compensation, involvement, promotion opportunities, and a pleasant work environment is a potential moral booster. The motivation of human resources in China should change from pay on motivation to pay on combining with culture motivation.

#### ***From Paying Attention to Management to Highlighting Development***

Traditional personnel management in China paid attention to the management, neglected the importance of human resources development. The staffs have the ability to influence the achievements of organizational goals, and they are the most important valuable resources of enterprise. To face the intense competition with advent of knowledge economy, the Chinese enterprises should not only concern about the short-term benefits, but also highlight the long-term development of staff [5-6].

### **Conclusion**

From my point of view, with China entering into the WTO, competition of human resources is becoming very intense. To improve human resources management, Labor Contract Law, The Settlement of Labor Disputes Law, The Promotion of Employment law and Social Insurance Law were enacted. Because of lacking of human resource management system building and foundational work, in practice, there is a long way to go for implementing the

regulations by the influence of the Chinese traditional culture and planned economy.

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